

Minutes City Council Issue Review Session September 16, 2010

Minutes of the Tempe City Council Issue Review Session held on Thursday, September 16, 2010, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Hugh Hallman
Councilmember Robin Arredondo-Savage
Councilmember Mark W. Mitchell (*via teleconference*)
Councilmember Corey D. Woods

Vice Mayor Joel Navarro
Councilmember Shana Ellis
Councilmember Onnie Shekerjian

STAFF PRESENT:

Charlie Meyer, City Manager
Jeff Kulaga, Assistant City Manager
Andrew Ching, City Attorney
Brigitta M. Kuiper, City Clerk
Various Department Heads or their representatives

Jyme Sue McClaren, Deputy Public Works Manager
Chris Anaradian, Community Development Director
Jerry Hart, Deputy Financial Services Manager
Shawn Wagner, Parks & Recreation Administrator
John Osgood, Deputy Public Works Director

Mayor Hallman called the meeting to order at 6:09 p.m.

Call to the Audience

None.

Tempe South Corridor Study Preliminary Recommendations

Jyme Sue McLaren, Deputy Public Works Manager, Light Rail Division, stated that the focus of this presentation is on the technical findings, an overview of the Council direction given to staff approximately one year ago and summary of where this project is headed. In April 2009, staff presented the technical findings for the completion of the Tier 2 Study. At that time, Council provided the following direction:

- Dismiss Bus Rapid Transit (BRT) along Union Pacific Railroad (UPRR) right-of-way
- Dismiss BRT along the Mill/Kyrene corridor
- Dismiss Light Rail along Rural Road corridor
- Advance Modern Streetcar on Mill corridor
- Advance BRT on Rural Road corridor

Over the past year, several changes have occurred that affect the implementation of the Modern Streetcar Project.

1. Prop 400 revenues that fund the capital aspect of the Modern Streetcar Project are significantly under the forecast due to market conditions causing METRO to re-evaluate the implementation schedule for rail corridors. As a result, operations originally scheduled to begin in 2015 will not occur until 2016.
2. It will take additional time for the transit fund to recover in order to fund the operations, due to the economic downturn.

3. Federal Transit Administration (FTA) changed the rules for evaluating rail corridor investment projects. In the past, projects were rated primarily on cost effectiveness. The revised evaluation criteria include land use and economic development.

The streetcar corridor is 2.6 miles running between Rio Salado Parkway and Southern Avenue. Southern Avenue is the terminus for the initial phase of this project. Staff recommends a future extension running east on Southern Avenue to potentially connect to a Rural Road corridor with service to the south. During the technical analysis evaluation process, staff looked at a variety of factors including ridership, land use, economic development, capital costs, traffic impacts and utility conflicts.

Staff studied three alignments in the downtown area. First, a double track option on the Mill Avenue corridor that terminates at Rio Salado Parkway; second, a double track option that goes north to University Drive (west on University and north to Rio Salado Parkway); and third, from that analysis, a one way loop option running from University Drive, continuing north on Mill Avenue, west on Rio Salado Parkway, then south on Ash Avenue and east on University. The FTA requires that the technical analysis be based on the year in which the project opens, which is 2016, although some of the alignments do not yield the results in 2016 in terms of economic development and land use.

Wulf Grote, Director of Planning, Design and Construction, METRO, noted the following features of a modern streetcar:

- A fixed-guide way electric rail system that usually has one car and typically operates as a single vehicle unit
- It can operate in mixed traffic
- It is designed to navigate tight radius turns
- It is 60' long compared to light rail, which is over 90' long
- Street cars have 4-6 stops per mile; light rail has 1-2 stations per mile
- A lower cost solution that is a catalyst for economic development
- Very successful street car systems in Portland, Oregon and Seattle, Washington (slides were shown to illustrate the various track types, alignments and station features)

Mr. Grote reviewed and compared the technical analysis results of the three proposed alternatives, with the following highlights:

- Mill Avenue alternative has greater ridership
- Minimal difference between Mill Avenue and Ash Avenue in terms of land use and zoning
- Mill Avenue has greater existing employment than Ash Avenue, however, the Loop alternative would touch the greatest number of businesses
- There are economic development opportunities, either approved or planned, around Mill Avenue, Ash Avenue and the Loop alternative.
- The least expensive option is the Loop alternative as utility issues can be avoided.
- There is concern regarding traffic congestion at south Mill Avenue in the vicinity of Southern Avenue. If that option is chosen, moving buses off Mill Avenue may reduce congestion levels.
- For the Ash Avenue or Loop alternatives, traffic issues will need to be addressed at University Drive so that traffic does not divert into the neighborhood at the south.
- Water line utility on Mill Avenue would need to be addressed if this alternative is chosen.
- Water line utility on University Drive could possibly be avoided; depends on actual alignment
- Parking is an issue along Mill Avenue. An alternative would be to reconfigure the parking from parallel to angle parking on cross streets along Mill Avenue and utilize additional space along 5th Street.
- All alternatives would require coordination for special events; the Loop alternative would have the least impact.

Based on the technical evaluation, the preliminary recommended alternative is the Mill Avenue/Ash Avenue Loop alignment as it provides the best opportunity. It helps define downtown to stimulate development/redevelopment to the west side of downtown, avoids utility conflicts, reduces parking impacts, offers flexibility for special events, minimizes construction impacts along Mill Avenue and is the least costly option.

Chris Anaradian, Community Development Director, stated the potential economic development impact for the Loop alignment is significant. The rail is a fixed structure and cannot be moved like buses can. A street car represents an investment in the community and can create a district, instead of just a one street downtown. The economic development impacts are real, as evidenced along Apache Boulevard. Mayor Hallman stated that the City's investment in the light rail system along Apache Boulevard has had an enormously positive impact on the community.

Staff will hold a public meeting on Thursday, September 30, 2010 from 6 p.m. – 8 p.m. at the MadCap Theater to obtain community input regarding alignment options and study conclusions. Mayor Hallman noted that Council has not selected an alignment and will not move forward with discussions about the design, placement, or costs until community input has been solicited. Ms. McLaren stated that staff will return to Council at the October 21, 2010 Issue Review Session to:

- Seek a Locally Preferred Alternative (LPA)
- Seek Council adoption of study findings
- If approved, move forward with regional partners
- If approved, prepare the application to federal government for project development

Ms. McLaren explained that the next phase of project development/examination is design definition where factors such as connection to facilities, traffic lane configuration, parking, bike lanes, street lighting, left turn requirements, pedestrian access and station location and design are considered.

Vice Mayor Navarro voiced his enthusiasm about this project and asked if there is the potential for one car to loop around Mill Avenue. Mr. Grote stated that staff reviewed a possible Y connection near Mill Avenue and University Drive to allow for flexibility during special events. Another option is to have a north/south track running on Ash Avenue during special events.

Councilmember Shekerjian asked if input had been solicited from ASU in terms of what their needs are; light rail has benefitted from ASU's involvement. Mr. Grote stated that ASU engages in a monthly community working group. Staff has also been meeting with ASU representatives to review specific staff recommendations and will provide further follow up. Councilmember Shekerjian stated that there are advantages to the Loop design. She asked if staff has looked at the long term affect of the Loop should commuter rail along the Ash Avenue alignment come to fruition. Ms. McLaren stated that staff has given consideration to the commuter rail/street car interface potential and has found that the Loop option would bring good connectivity; it would not adversely affect the commuter rail in the future. Councilmember Shekerjian asked if Council would be able to review the public comment after the public meeting is held. Ms. McLaren stated a summary of that meeting will be given to Council for review.

Councilmember Woods asked if cost is the driving factor for choosing the Mill Avenue/Ash Avenue Loop; will this be the route of choice in 15-20 years? Mr. Grote stated that he originally chose the Mill Avenue option, but after conducting the technical analysis, with all factors considered (special events, economic development, etc.), the Mill Avenue/Ash Avenue Loop alignment is the right recommendation. This Loop will work well for future extensions, planning, walking, and overall connectivity.

Regarding economic development opportunities and the flexibility for special events, Councilmember Woods asked if these factors outweigh the fact that the Mill Avenue double track option has greater ridership numbers. Mr. Grote stated that projections are based upon 2016 activity, opening year; additional work is being done to prepare a 20-year forecast. Ridership today leans towards Mill Avenue, but given future development, ridership should balance out. Councilmember Woods asked if Portland incorporated a Loop option or if they are operating a north/south route. Mr. Grote responded that Seattle has two tracks on one street; they also have a loop for half of their route; economic development is occurring and ridership is increasing. A majority of tracks in Portland are on two different streets.

Councilmember Arredondo-Savage thanked staff for their research on the different aspects of the street car as well as seeking community feedback. She asked about the response time for the federal funding application process. Mr.

Grote stated it is a lengthy process. This project is considered a Small Starts Program and there are two key milestones the City has to address: 1) Once the technology and route(s) are defined, a project development design application must be submitted (includes cost effectiveness, financial capability, land use, economic development); 2) When the project development stage is done, a project construction grant agreement application must be filed. The City will be requesting \$75 million. FTA has indicated their support of this project. Councilmember Arredondo-Savage asked about the demographic ridership in Portland and what the anticipated demographic ridership will be in Tempe. Mr. Grote stated a street car is different than the light rail; trips will be a few blocks or a mile. Trip purposes include people going to work, ASU, special events, retail shopping; it will be much more pedestrian oriented.

Councilmember Ellis thanked staff and commented on how staff incorporated input received from each meeting to improve their presentations. She noted the various venues where the presentation was provided for the public. The ridership on the light rail has increased 10% since last August. She noted that her heart is in this project and looks forward to receiving the public input.

Mayor Hallman commended Councilmember Ellis for her contributions to this project. This project was delayed six months in order to conduct further analysis of alignment options. While construction costs are important, the cost of business interruption is also a significant factor to consider. City staff has taken into account hidden disruptions, such as water lines. Ridership is another important consideration. Projecting ridership based on opening day of the opening year (2016) is not a good indicator, as was proven with the light rail. There is more ridership now along the light rail corridor due to more development along that route. There is also concern with the area between Mill Avenue and University Drive and south to Broadway Road and Alameda Drive areas. This project is not for neighborhood redevelopment, but to enhance the neighborhoods. From an economic standpoint, Mill Avenue is unstable. A street car Loop alternative could convert Mill Avenue into a district and provide economic development opportunities while providing connectivity. The City will continue to preserve historic neighborhoods and seek redevelopment in related downtown areas, such as strip mall centers.

Councilmember Mitchell also thanked staff for their work. This is a tremendous opportunity for the future of Tempe with the economic development and redevelopment. With the success of the neighborhood Orbit bus system, street car ridership will follow. He noted the importance of educating residents and businesses about the benefits of a street car.

Mayor Hallman stated that the modern streetcar will complement the Orbit bus system and improve transportation interconnectivity. Mayor Hallman thanked staff, Councilmember Ellis, the ad hoc committee and Valley Metro Rail for their hard work and contributions to this project.

Councilmember Shekerjian asked if the PowerPoint presentation will be available on the web. Ms. McLaren stated yes, staff will make this presentation available to the public and it will also be available on the Metro's website. Councilmember Shekerjian thanked staff for being able to present the analysis and complex issues in a readable and understandable manner.

Consensus was to direct staff is to move forward to the next step and have the Loop Alternative further analyzed and present the findings at the public meetings.

Budget Balancing Plan for Double Butte Cemetery

Jerry Hart, Deputy Financial Services Manager, stated the cemetery fund is facing a recurring structural deficit estimated to be approximately \$270,000 a year. There is also a negative cemetery fund balance of \$561,000. Since the completion of the cemetery expansion/renovations, sales have not met projections. Staff has developed a budget balancing plan to address the structural deficit. The recommendation is to eliminate all administrative and maintenance costs from the cemetery fund. The responsibility of these functions will be absorbed by the Public Works and Community Services departments with no additional budgetary impact to the General Fund. If this recommendation is approved, the Cemetery Enterprise Fund will be left with sales revenue and debt service on bonds. The plan also calls

for a recurring \$55,000 subsidy from the General Fund and a one time subsidy from the General Fund of \$561,000. If alternative revenues are identified, it will reduce future subsidies.

Councilmember Ellis asked how the sales revenues were estimated and if they are expected to change in the future. Shawn Wagner, Parks and Recreation Administrator, stated the estimates were made based off the master plan which projected an infill rate of 168 interments annually. This estimate has fallen short.

Mayor Hallman stated that staff is proposing the elimination of one full time employee and one half time employee, a savings of approximately \$150,000 annually, plus a \$50,000 reduction in the base budget. He questioned if these budget cuts are permanent or if the expenses are absorbed by Public Works and Community Services. Mr. Hart stated these costs were factored into the adopted FY10-11 cemetery fund. Staff has already taken steps to shift staff assignments to the general fund in positions that were vacant. Employees did not lose their jobs. Mayor Hallman asked for confirmation regarding whether or not there are \$200,000 in permanent reductions. Mr. Meyer stated staff made additional reductions to the fund balance than what was originally cut.

Mayor Hallman stated that the City has to pay the bond debt regardless if the City losing \$55,000 annually. He asked staff if there is a marketing issue. Mr. Wagner responded that there is always a need for increased marketing and awareness, but that will cost the City more money. Recently there has been an increase in cremation and donating bodies to science. Although there is a cremation garden, more families are choosing to keep the remains with them. Mesa has a dedicated cemetery marketing staff, similar to an Enterprise Fund. Staff has compared their costs to other communities and the Tempe falls in the middle.

Councilmember Shekerjian asked where staff proposes to come up with the \$561,000 one time subsidy in the General Fund. Mr. Hart recommended that the City not provide for the subsidy unless the General Fund has excess revenues, when the resources are available. Mr. Meyer stated that the loan from the General Fund will remain on the books. Mayor Hallman added that if the cemetery fund was converted back to an Enterprise Fund, this debt could be paid back to the General Fund.

Mr. Meyer stated that staff has looked at different concepts of marketing such as partnering with other cities and funeral homes. Staff will continue to pursue those opportunities. Mr. Wagner stated staff has conducted awareness events and work days to help promote the cemetery. There will be a historic preservation tour of the cemetery on October 31, 2010.

Consensus was to direct staff to proceed as proposed.

American Recovery and Reinvestment Act Funds for Replacement Street Light Fixtures

John Osgood, Deputy Public Works Director, stated that staff prepared a summary memo and an overview presentation; however based on the time, staff is available to answer questions. Mayor Hallman asked if staff has considered retrofitting street lamps with solar powered wraps as part of this program. Mr. Osgood noted that staff has researched a number of different technologies and based on the number of fixtures, staff is recommending induction street lighting at this time. Mayor Hallman stated that since the City is replacing the lighting, consideration should be given to retrofitting the poles with solar powered wraps; he asked staff to research the City of Gilbert's program. Mr. Osgood noted that the City is leveraging upwards of \$100,000 in Arizona Public Service (APS) rebates for these lights and will look into retrofitting solar powered wraps for powering the lights.

Councilmember Shekerjian thanked staff for their research on the issue and their approach to finding the best solution for Tempe.

Councilmember Arredondo-Savage also thanked staff for the information provided. The new lighting will save 30-35% in energy costs, which is significant. She asked if the reduction in savings includes maintenance and bulb replacement. Mr. Osgood stated yes, those elements have been factored in; however, there is still more work to be done in terms of a cost/benefit analysis. The bulbs can last up to twenty years. Staff is requiring a ten year warranty. With this bulb, there should be ten years of no maintenance.

Consensus was to direct staff to proceed as proposed.

Formal Council Agenda Items

None

Future Agenda Items

None

Mayor's Announcements/Manager's Announcements

None

Meeting adjourned at 7:27 p.m.

Brigitta M. Kuiper, City Clerk